
PRO-VISION, INC.

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

17014 Seven Pines Drive
Spring, Texas 77379
(281) 379-1065
(281) 379-6322 (fax)

RICHARD W. BREEDLOVE, CPA
President

JILL A. HENZE, CPA
Vice President

NICOLE BREEDLOVE HUNT, CPA
Vice President

INDEPENDENT AUDITORS' REPORT

July 15, 2020

Board of Directors
Pro-Vision, Inc.
Houston, Texas

We have audited the accompanying financial statements of Pro-Vision, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro-Vision, Inc. as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Breedlove & Co., P.C.

PRO-VISION, INC.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	\$	601 815
Restricted cash		658 184
Grants and promises to give receivable, net of discount		1 358 326
Prepaid expenses		27 039
Due from affiliate		303 174
Investments		10 235
Property and equipment, net		15 514 980
Other assets		<u>500</u>
Total Assets	\$	<u><u>18 474 253</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$	39 545
Accrued expenses		73 219
Long term debt		<u>4 639 087</u>
Total Liabilities		<u>4 751 851</u>
Net Assets		
Net assets without donor restrictions		10 690 606
Net assets with donor restrictions		<u>3 031 796</u>
Total Net Assets		<u>13 722 402</u>
Total Liabilities and Net Assets	\$	<u><u>18 474 253</u></u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Grants and contributions	\$ 126 746	\$ 5 811 395	\$ 5 938 141
Rent income	568 000	-	568 000
Investment income	22 036	-	22 036
Other income	1 092	-	1 092
Product sales	31 459	-	31 459
Net assets released from restrictions	<u>3 102 164</u>	<u>(3 102 164)</u>	<u>-</u>
Total Support and Revenues	<u>3 851 497</u>	<u>2 709 231</u>	<u>6 560 728</u>
Expenses			
Program Services			
Community outreach	271 759	-	271 759
Urban farm	394 471	-	394 471
Affordable housing	274 924	-	274 924
Character development	<u>626 421</u>	<u>-</u>	<u>626 421</u>
Total Program Services	<u>1 567 575</u>	<u>-</u>	<u>1 567 575</u>
Support Services			
Management and general	118 564	-	118 564
Fundraising	<u>326 961</u>	<u>-</u>	<u>326 961</u>
Total Supporting Services	<u>445 525</u>	<u>-</u>	<u>445 525</u>
Total Expenses	<u>2 013 100</u>	<u>-</u>	<u>2 013 100</u>
Change in Net Assets	1 838 397	2 709 231	4 547 628
Net Assets at Beginning of Year	<u>8 852 209</u>	<u>322 565</u>	<u>9 174 774</u>
Net Assets at End of Year	<u>\$ 10 690 606</u>	<u>\$ 3 031 796</u>	<u>\$ 13 722 402</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program					Supporting Services			2019 Total
	Community Outreach	Urban Farm	Affordable Housing	Character Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and Related Expenses									
Employee benefits	\$ 8 446	\$ 13 858	\$ 8 446	\$ 16 893	\$ 47 643	\$ 3 590	\$ -	\$ 3 590	\$ 51 233
Payroll taxes	6 428	10 547	6 428	12 857	36 260	2 732	-	2 732	38 992
Salaries and wages	90 696	148 807	90 696	181 392	511 591	38 547	-	38 547	550 138
Total Salaries and Related Expenses	105 570	173 212	105 570	211 142	595 494	44 869	-	44 869	640 363
Other Expenses									
Advertising and promotion	701	933	714	1 751	4 099	298	1 379	1 677	5 776
Banking fees	639	851	651	1 598	3 739	272	1 258	1 530	5 269
Computer and internet	173	231	176	433	1 013	74	340	414	1 427
Consultant fees	29 089	38 727	29 643	72 687	170 146	12 363	57 229	69 592	239 738
Contracted services	6 977	9 289	7 110	17 436	40 812	2 965	13 728	16 693	57 505
Depreciation and amortization	32 771	43 629	33 394	81 887	191 681	13 927	64 473	78 400	270 081
Dues and subscriptions	1 084	1 443	1 105	2 709	6 341	461	2 133	2 594	8 935
Equipment lease	956	1 273	975	2 390	5 594	406	1 882	2 288	7 882
Events	3 520	4 686	3 587	8 794	20 587	1 496	6 924	8 420	29 007
Insurance expense	9 787	13 030	9 973	24 457	57 247	4 160	19 255	23 415	80 662
Interest expense	25 375	33 783	25 858	63 409	148 425	10 784	49 923	60 707	209 132
Licenses and permits	18	25	19	46	108	8	36	44	152
Miscellaneous	1 772	2 359	1 805	4 427	10 363	753	3 485	4 238	14 601
Office expense	2 886	3 842	2 941	7 210	16 879	1 226	5 678	6 904	23 783
Postage	215	286	219	538	1 258	91	423	514	1 772
Printing	1 446	1 926	1 474	3 614	8 460	615	2 845	3 460	11 920
Professional services	13 000	17 308	13 248	32 485	76 041	5 525	25 577	31 102	107 143
Property taxes	819	1 090	834	2 045	4 788	348	1 610	1 958	6 746
Rent expense	4 997	6 653	5 092	12 486	29 228	2 124	9 830	11 954	41 182
Repairs and maintenance	3 050	4 061	3 108	7 622	17 841	1 296	6 001	7 297	25 138
Scholarship assistance	364	485	371	909	2 129	155	716	871	3 000
Supplies	7 313	9 737	7 453	18 274	42 777	3 108	14 389	17 497	60 274
Training	113	151	116	283	663	48	223	271	934
Transportation	52	70	53	132	307	22	103	125	432
Travel and meetings	5 173	6 887	5 272	12 927	30 259	2 199	10 177	12 376	42 635
Utilities	13 899	18 504	14 163	34 730	81 296	5 907	27 344	33 251	114 547
Federal income tax	-	-	-	-	-	3 064	-	3 064	3 064
Total Other Expenses	166 189	221 259	169 354	415 279	972 081	73 695	326 961	400 656	1 372 737
Total Expenses	\$ 271 759	\$ 394 471	\$ 274 924	\$ 626 421	\$ 1 567 575	\$ 118 564	\$ 326 961	\$ 445 525	\$ 2 013 100

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Operating Activities	
Increase in Net Assets	\$ 4 547 628
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Amortization and depreciation	270 081
Unrealized gain on investments	(5 722)
Increase in grants and promises to give receivable, net of discount	(693 284)
Decrease in prepaid expenses and other current assets	(10 883)
Decrease in accounts payable	(575 030)
Increase in accrued expenses	<u>29 649</u>
Net Cash Provided by Operating Activities	<u>3 562 439</u>
Investing Activities	
Purchase of property and equipment	(4 520 265)
Sale of investments	<u>101 461</u>
Net Cash Used for Investing Activities	<u>(4 418 804)</u>
Financing Activities	
Proceeds from notes payable	2 019 047
Payments on notes payable	(125 344)
Increase in due from affiliate, net	<u>(186 507)</u>
Net Cash Provided by Financing Activities	<u>1 707 196</u>
Net Increase in Cash and Cash Equivalents	850 831
Cash and Cash Equivalents at Beginning of Year	<u>409 168</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1 259 999</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES

Pro-Vision, Inc. (the Organization) is a non-profit organization established in 1991. The Organization has provided educational and counseling services to adults and youth of Houston, Texas since that date. The Organization is primarily supported through donor contributions and rental income from property and buildings it leases to a related party, which are utilized for the various programs. The Organization also provides other programs that teach moral and ethical living and critical job skills.

A. BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

B. BASIS OF PRESENTATION

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

C. PROMISES TO GIVE

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

D. NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly-liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

PRO-VISION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. PROPERTY AND EQUIPMENT

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	15-40 years
Furniture and equipment	3-7 years
Vehicles	5 years
Construction in progress	NA
Land	NA

H. CONTRIBUTIONS

Gifts of cash and other assets received without donor stipulations are reported as support and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as support and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as support and net assets without donor restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment, and other long-lived assets are reported as support and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as support and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

I. CONTRIBUTED SERVICES

The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's programs. Contributions of services are recognized as support at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 (Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. DONATED ASSETS

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation

K. INCOME TAXES

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (“Code”) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization conducted unrelated business activities in the current fiscal year. The Organization has made no provision for federal income taxes in the accompanying financial statements as the tax burden is considered immaterial.

The Organization applies the provisions of FASB ASC Topic 740, Income Taxes, (formerly FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

L. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- i. Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- ii. Level 2—Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation or by other means.
- iii. Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at December 31, 2019.

- i. Equities and mutual funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

At December 31, 2019, the Organizations investments consisted of mutual funds and equities totaling \$10,235. Investments are reported at fair value using a Level 1 measure.

M. ADVERTISING

Advertising costs are expensed as incurred. Advertising expenses for the year ended December 31, 2019 were \$5,776.

N. FUNCTIONAL ALLOCATION OF EXPENSE

Expenses are categorized in the Statement of Activities as program services, fundraising and management and general. The Organization's expenses are allocated on a functional basis among these benefited categories.

Program service expenses include direct and indirect (allocated) expenses for the various programs offered by the Organization. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated to program services on the basis of time and effort.

NOTE (2) CONCENTRATION OF CREDIT RISKS

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The Organization maintains cash balances at a financial institution located in Texas. At December 31, 2019, the Organization had approximately \$1,023,000, of cash balances that were not insured by the FDIC.

NOTE (3) RESTRICTED CASH

Cash balances totaling \$658,184 for the year ended December 31, 2019 are restricted for the building campaign related to construction costs of building and improvements.

NOTE (4) GRANTS AND PROMISES TO GIVE RECEIVABLE

The promises to give as of December 31, 2019, are unconditional with \$1,358,526 due in 2020. Promises to give that are due after 2019 are discounted at 5.0%. The unamortized discount on promises to give is \$39,592 as of December 31, 2019. There were no amounts recorded for allowance for uncollectible promises to give receivable for the year ended December 31, 2019.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

NOTE (4) GRANTS AND PROMISES TO GIVE RECEIVABLE (Continued)

Grants and promises to give receivable are summarized as follows:

Capital Campaign	\$ 1 397 918
Receivable in less than one year	<u>1 397 918</u>
Total unconditional promises to give	1 397 918
Less discounts to net present value	<u>(39 592)</u>
Net unconditional promises to give	<u><u>\$ 1 358 326</u></u>

Certain promises to give receivable are from board members, see *Note 13 – Related Party Transactions*.

NOTE (5) PROPERTY AND EQUIPMENT

As of December 31, 2019, property and equipment consisted of the following:

Land	\$ 4 498 186
Buildings and improvements	13 597 397
Construction in progress	64 738
Furniture and fixtures	260 470
Equipment	233 954
Vehicles	<u>74 964</u>
Subtotal property and equipment	18 729 709
Less: accumulated depreciation and amortization	<u>(3 214 729)</u>
Total property and equipment, net	<u><u>\$ 15 514 980</u></u>

Depreciation and amortization expense charged to operations for the year ended December 31, 2019 was \$270,081.

NOTE (6) NOTES PAYABLE

The Organization has a secured promissory note with Amegy Bank that had a maximum available draw of \$1,452,177. The note matured on November 14, 2015. Interest at 5.75% and principal based on a 20-year amortization payable monthly from November 15, 2012 through November 14, 2015. In October 14, 2015, the Organization signed an amendment to the note which reduced the maximum available draw to \$1,300,000 and extended the maturity date to October 14, 2021.

Additionally, the interest rate was reduced to 4.85%. The security consists of land and improvements at 4590 Wilmington, plus grants and pledges receivable. As of December 31, 2019, the balance of the note payable was \$931,177.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

NOTE (6) NOTES PAYABLE (Continued)

On February 22, 2018, the Organization entered into a construction loan agreement with Amegy Bank. The construction loan agreement is in the form of an advancing term loan for construction of improvements in a principal amount of up to \$4,000,000. Interest is a fixed rate per annum equal to four and one-half percent (4.5%) with a maturity date of February 22, 2028.

Repayment of principal and interest are as follows:

- a. Accrued and unpaid interest on the Note is due and payable monthly commencing on April 1, 2018 until and including February 1, 2021.
- b. Installments of principal in an amount sufficient to reduce the outstanding aggregate principal amount of all advances to an amount not to exceed
 - i. \$3,500,000 due and payable on February 22, 2020;
 - ii. \$3,250,000 due and payable on February 22, 2021;
- c. Monthly installments of principal and interest, each in an amount sufficient to amortize the principal amount of all advances outstanding on the February 22, 2021, over a period of twenty (20) years at an interest rate equal to four and one-half percent (4.5%) due and payable commencing March 1, 2021, until February 22, 2028.
- d. Final installment in the amount of all outstanding principal, plus accrued and unpaid interest due and payable on the maturity date of February 22, 2028.

As of December 31, 2019, the balance of the notes payable was \$4,639,087.

The future maturities of long-term debt are as follows:

2020	\$ 289 007
2021	1 185 080
2022	106 500
2023	111 392
2024	116 509
Thereafter	<u>2 830 599</u>
Total	<u>\$ 4 639 087</u>

Interest expense for the year ended December 31, 2019 \$209,132.

NOTE (7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 are restricted for the following purposes or periods:

Urban Farm	\$ 137 428
Character Development	248 943
Affordable Housing	987 241
Capital Campaign	<u>1 658 184</u>
Total Net Assets with Donor Restrictions	<u>\$3 031 796</u>

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

NOTE (8) NET ASSETS RELEASED FROM RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

The following amounts were released from restrictions for the year ended December 31, 2019:

Urban Farm	\$ 207 638
Character Development	64 407
Affordable Housing	2 512 759
Capital Campaign	<u>317 360</u>
Total Net Assets Released from Restrictions	<u>\$3 102 164</u>

NOTE (9) LIQUIDITY AND AVAILABILITY

The Organization has \$2,263,315 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$601,815, accounts receivable of \$7,217, grants and promises to give receivable of \$1,351,109, prepaid expenses of \$27,039, and due from affiliate of \$303,174. The financial assets of the Organization reduced by amounts not available for general use of \$466,029 results in the Organization having \$1,797,286 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization sets a goal of having financial assets on hand to meet 60 days of normal cash operating expenses, which are, on average, around \$180,000. As part of its liquidity management, The Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organization also intends to transfer excess operating funds, in excess of its 60-day operating needs, to a short-term savings account which, should an unforeseen liquidity need arise, the Organization could draw upon to meet cash requirements.

NOTE (10) PROGRAMS AND SUPPORTING SERVICES

The costs of providing the various programs and other activities are shown in the accompanying statement of functional expenses. The following programs and supporting services are included in the accompanying financial statements:

Community Outreach – This program encompasses various initiatives to engage and connect with residents of the immediate community that Pro-Vision seeks to serve. This includes supporting community-oriented events sponsored by faith-based organizations, attendance and representation at community town halls, and meeting with local elected officials to ensure the needs of the community are being served by local government.

Urban Farm – The Urban Farm started as a community garden effort to help the residents to learn and understand the importance of healthy eating habits. This led to the construction of greenhouses and the establishment of an advanced aquaponic farming system to grow healthy leafy vegetables for donation to local food banks and sale to local commercial food establishments. The goal of the commercial sales is to generate funds which can be used to support the remaining program services and lower the need for outside financial support.

Affordable Housing – The affordable housing program has been a long-term goal of the organization to assist residents in securing comfortable housing at a cost they can afford as a way to improve the quality of life in the community. The organization has accumulated 57 acres in the community with the goal to secure additional acreage which will allow the construction of affordable housing units in a mixed income community. The community will include units intended for senior citizens to provide a pool of wisdom that can be shared with the youth of the community.

PRO-VISION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

NOTE (10) PROGRAMS AND SUPPORTING SERVICES (Continued)

Character Development – The development of character in the youth of the community is the signature program on which the organization was first founded as an after-school care program for disadvantaged youth. This is a critical need in a community surrounded by poverty and hopelessness and provides an opportunity for the youth to begin the process of overcoming their obstacles to a satisfying and productive life. The youth are provided life coaches who provide instruction and practical application of life skills which can be applied to help them succeed in life. They are given the opportunity to participate in camps, job enterprise employment, and leadership positions to help develop discipline, self-esteem, and confidence in their own ability to be successful in life.

NOTE (11) CONCENTRATIONS

For the year ended December 31, 2019, approximately eighty-six percent (86%) of the Organization's contribution revenue came from one (1) donor. At December 31, 2019, approximately seventy-four percent (74%) of the Organization's promises to give came from one (1) donor.

For the year ended December 31, 2018, approximately fifty percent (50%) of the Organization's contribution revenue came from two (2) donors. For the year ended December 31, 2018, approximately seventy-five percent (75%) of the Organization's promises to give came from one (1) donor.

NOTE (12) PENSION PLAN

The Organization does not offer a pension plan to its employee and therefore, has no present, past or future pension obligations.

NOTE (13) RELATED PARTY TRANSACTIONS

The Organization was related to Pro-Vision Educational Services, Inc. (the School) through a common board member. The President of the Organization was also Vice President of the School's board through July 2019.

The Organization has a ten (10) year operating lease agreement with the school that began September 1, 2019 and expires August 31, 2029. The terms of the lease require monthly rental payments of \$62,000 for thirty-six (36) months, \$66,000 for the next thirty-six (36) months and \$70,000 for the final forty-eight (48). The Organization had a sixty (60) month operating lease agreement with the School that began September 1, 2014 and expired August 31, 2019. The terms of the lease required monthly rental payments of \$35,000 each month for twenty-four (24) months and \$40,000 each month for the next thirty-six (36) months. Total payments from the School to the Organization under the lease agreement amounted to \$568,000 for the year ended December 31, 2019.

The Organization received approximately \$257,000 from various board members for board dues and capital campaign pledges.

NOTE (14) SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 15, 2020, the date the financial statements were available to be issued and noted that the coronavirus pandemic occurred subsequent to year end. The economic effects of this pandemic on the Organization are unknown at the date of this report. The Organization has determined that no change to the financial statements for the year ended December 31, 2019 is deemed necessary as a result of this evaluation.